



Committee On Finance

Max Baucus, Chairman

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WASHINGTON D.C. -- Sen. Max Baucus, Chairman of the Committee on Finance, and Sen. Tom Daschle, Senate Majority Leader, sent the following letter to Ambassador Zoellick regarding upcoming free trade agreement negotiations.

The Honorable Robert Zoellick
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Zoellick:

On October 1, 2002, you formally notified us of your intent to begin negotiations for free trade agreements with Morocco and with the Central American Economic Integration System (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua). We also understand that you will soon notify Congress of your intent to begin negotiations with the five member countries of the Southern African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland).

While we will of course reserve judgment on these agreements until we review the final texts, we believe there is potential benefit in all of these negotiations. And while we have concerns regarding labor rights and other matters in a possible Central American agreement, such an agreement may put pressure on other countries in the region to pursue more liberal trade policies. Similarly, agreements with the Southern African Customs Union and Morocco are likely to bolster our efforts to push forward with the new round of WTO negotiations.

We understand negotiations with Morocco, in particular, are likely to move forward quickly. Given that, we want to express our support for your efforts with Morocco, and highlight the potential benefits of an agreement.

First, an agreement with Morocco will strengthen an important strategic alliance in the Middle East. Morocco is already a strong ally in the war on terrorism, an important moderate voice in the Arab world, and a model for developing country

economic reform. An agreement with Morocco would, in our view, complement our efforts at positive engagement with the Arab and Muslim worlds. It would lift up Morocco as a good example to other countries, underscoring that there is a constructive alternative to the forces of intolerance and extremism present in that volatile part of the world.

Second, a U.S.-Morocco agreement can further our efforts to engage developing countries and set important precedents for future agreements. The new round of WTO negotiations has made constructive engagement with developing countries a priority, and continued engagement will be critical in finding consensus over trade policy. Negotiations between the United States and Morocco will expand U.S. ties with an important developing country that supports trade liberalization and economic reform at home as a key ingredient of development. Just as important, Morocco has stated publicly its recognition of the importance of the labor and environment provisions in the U.S.-Jordan Agreement, and has suggested that it could agree to similar provisions. A strong agreement with Morocco can demonstrate the clear benefits of progressive, trade-liberalizing agreements to other developing countries.

Finally, an agreement will expand U.S. exports and help keep U.S. companies competitive in the region. Morocco is already a significant purchaser of Boeing aircraft, U.S.-grown grains and cereals, and energy-related services. And there is tremendous potential for growth. Moreover, as you well know, American companies are now at a disadvantage vis-a-vis the European Union, as Morocco has already begun implementing a recently concluded agreement with the EU.

We look forward to working closely with you as you move forward in negotiations with Morocco and other countries.

Sincerely,

Senator Max Baucus

Senator Tom Daschle